

# SUBCOMMITTEE NO. 1 on Education



**Subcommittee No. 1**  
**Chair, Jack Scott**  
**Member, Bob Margett**  
**Member, Joe Simitian**

**Monday, April 9, 2007**  
**10:00 a.m.**  
**Room 113, State Capitol**

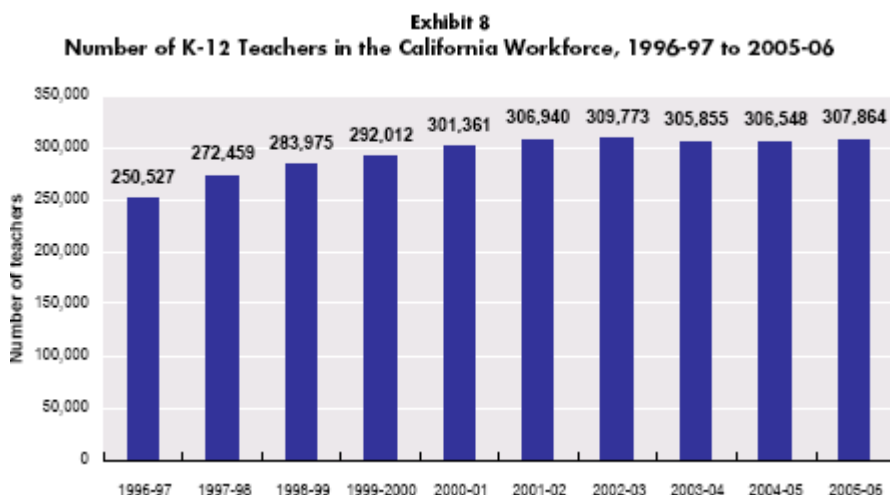
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## ISSUE 1: California's Teaching Force – Center for the Future of Teaching and Learning

**DESCRIPTION:** The Center for the Future of Teaching and Learning will provide the Subcommittee with an update on the status of our state teaching workforce, reflecting data and research from a recent report entitled *Teaching and California's Future - California's Teaching Force 2006*. The Center will discuss the size of the state teaching workforce and the status of under-prepared teachers, and also make recommendations about how to strengthen the teaching force in coming years.

### BACKGROUND:

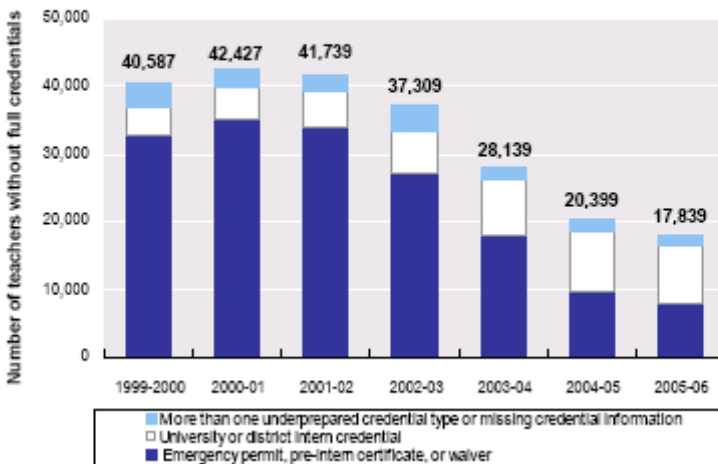
**California's Teaching Workforce.** California's K-12 teaching workforce grew significantly in the late 1990s and early 2000s as a result of the state's K-3 class size reduction program and increased student enrollments. Between 1996-97 and 2002-03, the teacher workforce grew by 59,000 teachers or 25 percent. In 2003-04, this trend reversed and actually dropped by nearly 4,000 teachers. Since then, the number of teachers has been growing slightly reflecting lower enrollment growth for the state overall.



Source: *California's Teaching Force 2006*. The Center for the Future of Teaching and Learning.

**Fewer Under-Prepared Teachers.** The Center defines under-prepared as those teachers who have not completed a teacher preparation program and attained a preliminary or professional clear teaching credential. Under-prepared teachers include interns and holders of emergency permits and waivers. According to the Center, the number of under-prepared teachers in California classrooms has declined over the last five years. At its peak in 2000-01, the state had more than 42,000 under-prepared teachers, representing 14 percent of the state's teacher workforce. Since then, the number has dropped to approximately 17,800 teachers, representing about 6 percent of the teacher workforce.

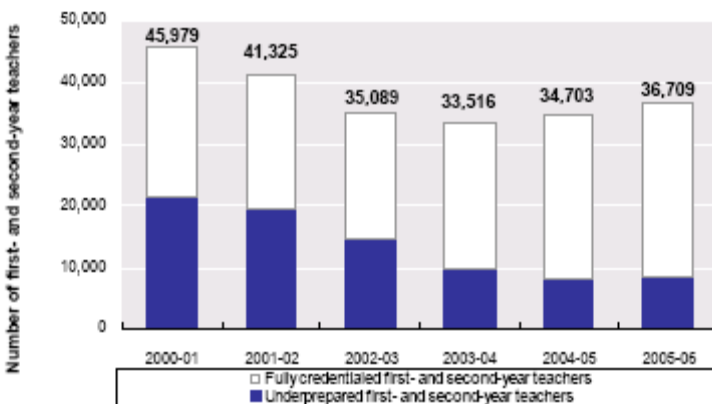
**Exhibit 10**  
**Number of Underprepared Teachers by Credential Type, 1999-2000 to 2005-06**



Source: *California's Teaching Force 2006*. The Center for the Future of Teaching and Learning.

**Novice Teachers Increasing Somewhat.** According to the Center, the number of novice teachers – defined as first and second year teachers – has been growing in recent years. There are approximately 36,700 novice teachers in California currently. The Center points out that the first two years of teaching are the most difficult. While the Center notes that the number of novice teachers have been growing somewhat, the number of novice teachers who are also under-prepared has fallen in recent years.

**Exhibit 11**  
**Number of Novice Teachers by Credential Status, 2000-01 to 2005-06**



Source: *California's Teaching Force 2006*. The Center for the Future of Teaching and Learning.

**Under-Prepared and Novice Teachers – Continuing Areas of Concern.** Despite an overall reduction in the number of under-prepared teachers statewide, the Center identifies several continuing areas of concern:

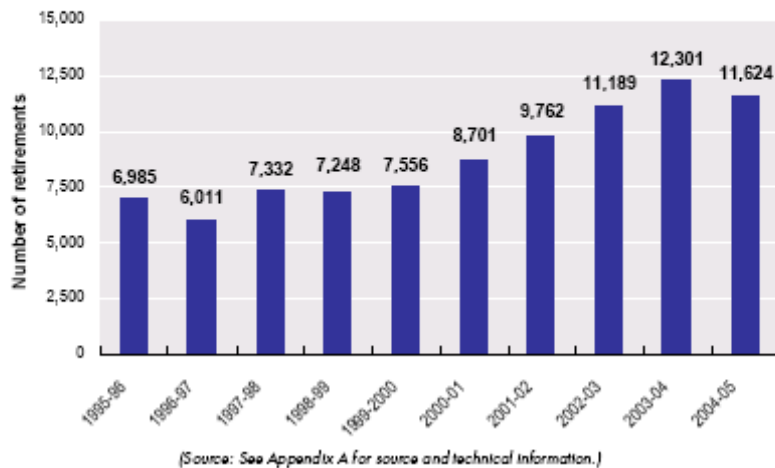
- **Unfair distribution of under-prepared and novice teachers among schools.** The Center notes that under-prepared and novice teachers continue to be unfairly distributed across high- and low-achieving schools. A total of 21 percent of the teachers in schools in the lowest achievement quartile were under-prepared or novice teachers compared to 12 percent of the teachers in the top

quartile of schools. Similarly, 18 percent of the teachers in schools with the highest minority student quartile were under-prepared or novice teachers compared to 11 percent of the lowest minority student quartile.

- **Special education teachers severely under-prepared.** The Center reports that special education continues to be the area with the highest percentages of under-prepared teachers. While the number of under-prepared teachers has fallen significantly overall, the proportion of under-prepared special education teachers has fallen more slowly than general education teachers. Specifically, 12 percent of teachers authorized to teach special education are under-prepared compared to 3 percent of elementary teachers and 6 percent of secondary teachers. Among novice special education teachers, 45 percent are under-prepared, compared to 13 percent for elementary teachers and 25 percent for secondary teachers. The shortage of credentialed special education teachers is greatest in schools serving large populations of minority children. A total of 18 percent of the teachers in schools with the highest quartile of minority students were under-prepared compared to 7 percent of the teachers in the schools with the lowest quartile of schools.
- **Continuing Shortages of science and math teachers.** The Center reports a persistent shortage of fully credentialed math and science teachers across the state. Although the shortage has declined over the last five years, a significant shortage still exists. For middle schools, 9 percent of math teachers and 8 percent of science teachers are under-prepared and 17 percent of the math teachers and 16 percent of science teachers were novices. For high schools, 12 percent of math teachers and 9 percent of science teachers are under-prepared and 16 percent of both math and science teachers were novices. The shortages are more severe in the lowest-performing schools, with 18 percent of math teachers and 16 percent of science teachers under-prepared compared to 5 percent of the math teachers and 4 percent of the teachers in high-performing schools.

**Retirements Remain Historically High.** According to the Center, the age distribution of the current teacher workforce predicts an increase in the number of retirements over the next 10 years from baby boomers. California employs more than 53,000 teachers who are over 50 years of age. If all these teachers retire at the average retirement age of 61, California will need to replace 53,000 teachers in the next 5 years. Over the next 10 years, the state will need to replace 98,000 teachers, or 32 percent of its 308,000 teachers.

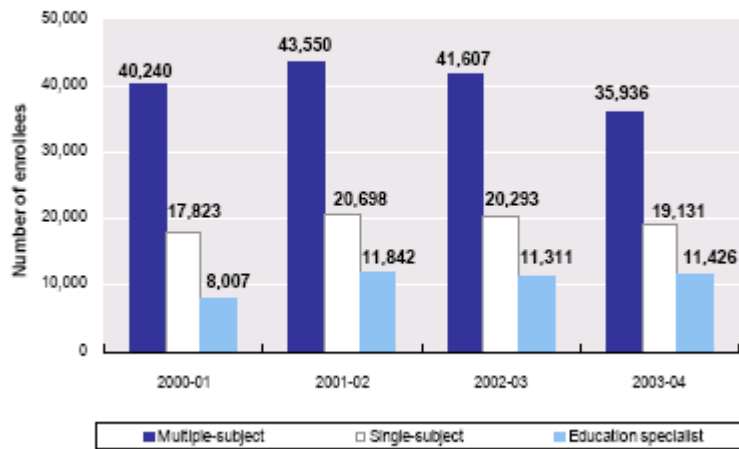
**Exhibit 32**  
**Number of California State Teachers' Retirement System (CalSTRS)**  
**Membership Retirements, 1995-96 to 2004-05**



Source: *California's Teaching Force 2006*. The Center for the Future of Teaching and Learning.

**Teacher Supply Down.** The Center reports that several indicators of teacher supply have begun to decline. Specifically, the number of enrollees in teacher preparation programs has decreased, particularly for elementary multiple-subject preparation enrollees. Enrollments in special education (education specialists) seem to be holding constant.

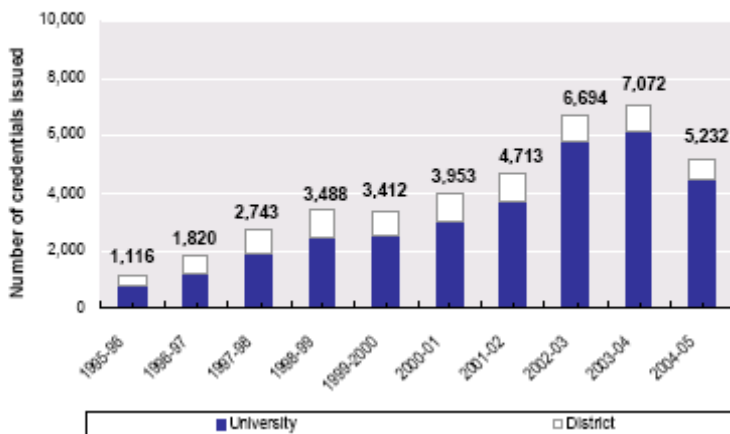
**Exhibit 34**  
**Number of Enrollees in Teacher Preparation Programs, 2000-01 to 2003-04**



Source: *California's Teaching Force 2006*. The Center for the Future of Teaching and Learning.

University and district intern credentials are also experiencing a decline from 2003-04 levels, after experiencing steady growth in recent years. Most of the drop has occurred in university intern program credentials.

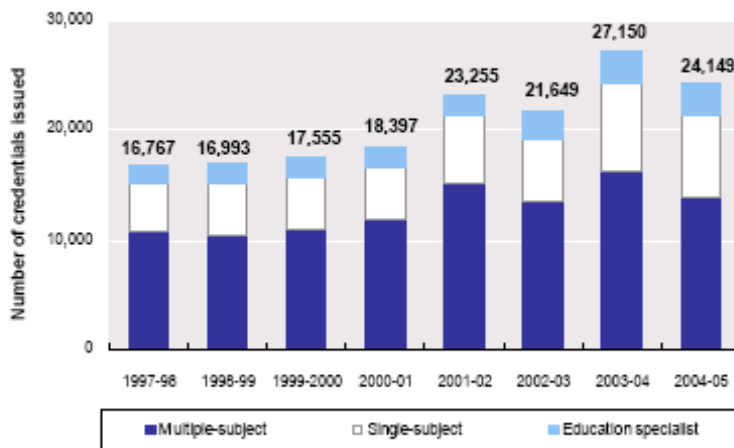
**Exhibit 35**  
**Number of New University and District Intern Credentials Issued, 1995-96 to 2004-05**



Source: *California's Teaching Force 2006*. The Center for the Future of Teaching and Learning.

The number of preliminary teaching credentials issued has grown generally in recent years, with some fluctuations, but appears to be declining from the high level in 2003-04, largely due to a drop in multiple subject credentials.

**Exhibit 36**  
**Number of New Preliminary Teaching Credentials Issued, 1997-98 to 2004-05**

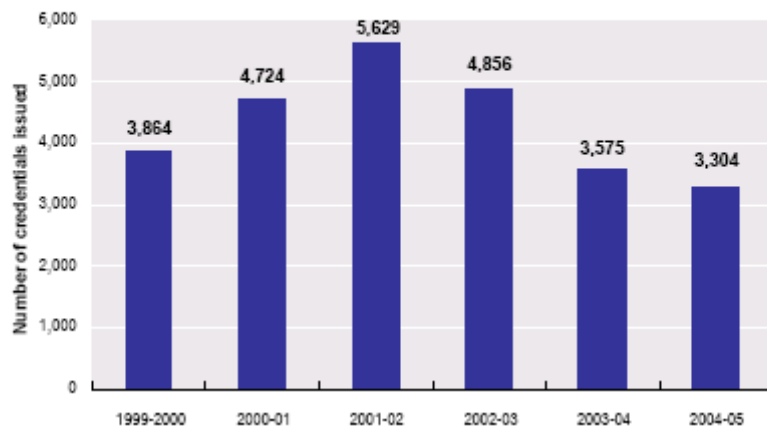


Note: Education-specialist credentials authorize the holder to teach students with disabilities.

Source: *California's Teaching Force 2006*. The Center for the Future of Teaching and Learning.

The number of California credentials issued to teachers trained out-of-state has declined significantly from a high level in 2001-02. Of the 3,304 credentials issued to teachers prepared out-of-state, 1,423 were multiple-subject credentials, 1,564 were single-subject credentials, and 317 were special education credentials.

**Exhibit 37**  
**Number of California Credentials Issued to Teachers**  
**Trained Out of State, 1999-2000 to 2004-05**



Source: *California's Teaching Force 2006*. The Center for the Future of Teaching and Learning.

**Warning Signs and Opportunities.** The Center believes that state policies to strengthen the teaching workforce have helped to lower the number of under-prepared teachers. However, the Center has identified the following “warning signs” on the horizon for state policymakers, which could increase the shortage of well-prepared teachers in California.

- Veteran teachers will continue to retire in record numbers – about 100,000 in the next decade.
- The production of new teachers has declined in the past year, and the number of students going into teaching programs has gone down considerably.
- The demand for teachers is quite uneven; the teacher labor markets are regional and are not consistent statewide. In many communities, particularly along the coast, student enrollment is going down. But in the inland portions of the state, enrollment is going up rapidly – and that is where the biggest teacher shortages are likely to occur.
- The \$2.8 billion settlement between the Governor and the California Teachers Association calls for further class-size reduction in the low-performing schools, which will require more teachers.
- There continues to be a severe shortage of special education teachers and no adequate state policy to produce a sufficient number of such teachers.
- Despite repeated calls from the business and scientific communities to substantially increase the rigor and quality of math and science teaching, there is no current state policy to either produce large numbers of new math and science teachers or expand the capacity of current teachers.

## **Department of Education**

### **ISSUE 2: Implementation of NCLB Highly Qualified Teacher Requirements**

**DESCRIPTION:** The Department of Education will provide an update on implementation of California's revised plan for compliance with the "highly qualified teacher" provisions of the federal No Child Left Behind Act (NCLB).

#### **BACKGROUND:**

**NCLB Highly Qualified Teacher Requirements.** The federal No Child Left Behind Act (NCLB) was approved in 2001 by Congress and signed by the President. Among its provisions is a requirement that all teachers of core academic subjects be "highly qualified" by the end of the 2005-06 school year. California defines teachers to be highly qualified for purposes of NCLB if they satisfy the following conditions:

- Possess a bachelor's degree,
- Possess a teaching credential or are working on a credential through an approved intern program, and
- Demonstrate subject matter competence in each subject they are assigned to teach.

Each state was required to develop a plan-- with annual, measurable objectives -- for meeting its highly qualified teacher definitions.

**Highly Qualified Teacher Deadlines & Recent Extension:** NCLB requires that all new teachers hired in Title I schools by the end of the 2002-03 school year must meet the "highly qualified" definition. In addition, NCLB requires that all teachers of core academic subjects meet the highly qualified definition by the end of the 2005-06 school year.

Not a single state had met the NCLB deadline for complying with its highly qualified requirements for core academic teachers by the end of 2005-06. For this reason, the U.S. Department of Education (USDE) extended the deadline for states by one additional year -- to the end of 2006-07. As a condition of this extension, states were required to submit revised state plans for placing a highly qualified teacher in every classroom offering instruction in a core academic subject by the end of 2006-07.

As a part of these revised plans, states were required to address NCLB requirements for "teacher equity" that require states to assure that poor and minority students are not disproportionately taught by unqualified and inexperienced teachers in their first years of teaching.

**California's Revised State Plan for Highly Qualified Teachers:** California first submitted its revised plan to USDE in July 2006. A peer review panel concluded that California's revised plan was deficient in a number of areas, including its plan to address the inequitable distribution of qualified and experienced teachers. CDE submitted a revised plan to USDE in September 2006. This plan was then further refined to include six new requirements that address each of the deficiencies. These revisions



culminated in a November 2006 state plan that was finally approved by USDE in December 2006. These six requirements are summarized below.

**Detailed Identification of Noncompliant Classrooms.** The revised Highly Qualified Teacher (HQT) plan must provide a detailed analysis of the core academic subject classes in the State that are currently not being taught by highly qualified teachers. The analysis must, in particular, address schools that are not making adequate yearly progress and whether or not these schools have more acute needs than do other schools in attracting highly qualified teachers. The analysis must also identify the districts and schools around the State where significant numbers of teachers do not meet HQT standards, and examine whether or not there are particular hard-to-staff courses frequently taught by non-highly qualified teachers.

**LEA Plans and Monitoring.** The revised plan must provide information on HQT status in each local education agency (LEA) and the steps the state will take to ensure that each LEA has plans in place to assist teachers who are not highly qualified to attain HQT status as quickly as possible.

**LEA Technical Assistance.** The revised plan must include information on the technical assistance, programs and services that the state will offer to assist LEAs in successfully completing their HQT plans particularly where large groups of teachers are not highly qualified and the resources the LEAs will use to meet their HQT goals.

**LEA Corrective Action.** The revised plan must describe how the state will work with LEAs that fail to reach the 100 percent HQT goal by the end of the 2006-2007 school year.

**Subject Matter Verification.** The revised plan must explain how and when the state will complete the High Objective Uniform State Standard of Evaluation (HOUSSE) process for verifying the subject matter competency of teachers that are “not new” to the profession who were hired prior to the end of the 2005-06 school year, and how the state will discontinue the use of HOUSSE procedures for teachers hired after the end of the 2005-06 school year.

**State’s Equity Plan.** The revised plan must include a copy of the State’s written “equity plan” for ensuring that poor or minority children are not taught by inexperienced, unqualified, or out-of-field teachers at higher rates than are other children.

### **Status of HQT Compliance in California:**

California does not currently have accurate data on the number and types of teachers of core academic subjects that are not considered highly qualified for purposes of NCLB under our state’s definition. For this reason, our state does not really know how many teachers will be considered noncompliant with NCLB by the end of 2006-07.

The development of more accurate, detailed data on highly qualified teachers is one the requirements of our state’s revised highly qualified teacher plan. In the absence of more accurate data, California’s revised plan relies upon limited existing data and preliminary data for 2006-07. This information provides estimates only of the number and types of teachers who are noncompliant with NCLB.

**Core Academic Classes:** As indicated in the table below, the latest available data indicates that only 74 percent of the classes in our state are taught by highly qualified teachers. However, preliminary 2005-06 data indicates that overall compliance is closer to 85 percent. Compliance is higher for elementary schools than secondary schools.

<b>2004-05 Data (2006 CSPR*)</b>			
School Type	Total Number of Core Academic Classes	Number of Core Academic Classes Taught by HQTs	Percentage of Core Academic Classes Taught by HQTs
<b>All Schools</b>	<b>635,484</b>	<b>472,482</b>	<b>74%</b>
<b>Elementary Schools</b>	<b>173,723</b>	<b>135,266</b>	<b>78%</b>
High-Poverty Schools	48,977	36,880	75%
Low-Poverty Schools	34,341	27,807	81%
<b>Secondary Schools</b>	<b>461,761</b>	<b>337,215</b>	<b>73%</b>
High-Poverty Schools	102,721	62,565	61%
Low-Poverty Schools	119,361	96,323	81%

**Core Classes in High- and Low-Poverty Schools.** The percentage of core classes taught by HQTs is different for high- and low-poverty schools, particularly secondary schools. A total of 81 percent of core teachers in low-poverty elementary and secondary schools are taught by highly qualified teachers. These figures fall to 75 percent for high-poverty elementary schools and 61 percent for high-poverty secondary schools.

**Core Classes in Other Types of Schools.** At the elementary level, Special Education, County Community, Alternative, K-12, and Community Day schools have the highest proportion (more than 25 percent) of core teachers who are not highly qualified. At the secondary level, Special Education, Community Day, Opportunity, Juvenile Hall, Alternative, and Continuation schools have the highest proportion (more than 25 percent) of core teachers who are not highly qualified.

**Core Classes by Teaching Assignment:** The types of teaching assignments that are over-represented among non-compliant highly qualified core classes include secondary special education (43.2 percent); elementary special education (24.9 percent); and career-technical education (24.3 percent).

**Other Teacher Shortage Data from CDE.** The Department of Education produces an annual report designating critical shortages of teachers for the Student Aid Commission. This report is required by statute governing the Assumption Program of Loans for Education (APLE), administered by the Commission. The report identifies teaching fields with the most critical shortages of teachers for purposes of allocation of APLE grants to teachers in shortage fields. The report utilizes data from school districts on the number of teachers with emergency permits or waivers and the number of new teacher hires reflecting existing vacancies and estimated new hires for the coming year. This data is compiled and submitted by local school districts through the California Basic Educational Data System (CBEDS) data system.

The CDE teacher shortage report for 2007, as displayed below, reflects 2005-06 data. From this data, CDE designates teacher shortages in fields with the highest percentage shortages equating to five percent of the total full-time equivalent (FTE) teachers. Shortage areas designated by CDE are

highlighted on the table below, and include: Special Education, including State Special Schools; Physical and Life Science; Business; Agriculture; Foreign Language; Mathematics/Computer Education.

**Teacher FTE Demand and Shortage Areas by Subject, 2007-08**

(2005-06 data)

Subject Areas	FTE Teachers	FTE on Emergency Permits Or Waivers	Estimated New Hires	TOTAL FTE Shortage	Percent of Subject FTE Teachers	Percent of Total FTE Teachers
Self-contained Classrooms	135,102.50	2,286.55	6,613.4	8,899.95	6.6%	3.1%
Special Education	28,416.48	1,981.50	3,368.9	5,350.40	18.8%	1.8%
Mathematics/Computer Ed.	21,940.15	678.80	2,069.8	2,748.60	12.5%	1.0%
English (Drama & Humanities)	25,482.77	519.24	2,056.3	2,575.54	10.1%	0.9%
Life & Physical Science	15,636.93	354.02	2,153.1	2,507.12	16.0%	0.9%
Social Science	17,758.53	297.27	1,198.2	1,495.47	8.4%	0.5%
PE/Health/Dance	13,046.61	314.44	667.3	981.74	7.5%	0.3%
Other Specializations	7,516.89	552.00	0.0	552.00	7.3%	0.2%
Foreign Language	6,036.32	132.26	633.2	765.46	12.7%	0.3%
Music	4,221.16	133.03	320.1	453.13	10.7%	0.2%
Reading	4,445.37	139.10	355.9	495.00	11.1%	0.2%
Art	4,372.05	99.10	250.1	349.20	8.0%	0.1%
Business	1,067.57	23.73	129.5	153.23	14.4%	0.1%
Industrial Arts	2,259.59	41.44	240.3	281.74	12.5%	0.1%
Home Economics	1,236.89	20.02	79.9	99.92	8.1%	0.0%
Agriculture	482.77	9.60	59.6	69.20	14.3%	0.0%
Special Schools	200.00	12.00	27.0	39.00	19.5%	0.0%
<b>TOTAL</b>	289,222.58	7,594.10	20,222.6	27,816.7	9.6%	

**COMMENTS:** It is unclear how many teachers will be found to be non-compliant with the highly qualified requirements of NCLB at the end of 2006-07. As a part of its revised state plan to the USDE, the Department of Education is working to develop this data. The Center for the Future of Teaching and Learning estimates that approximately 8,000 teachers of core classes with emergency permits, waivers, or pre-intern certificates will not be deemed highly qualified under NCLB by the end of the 2006-07 school year. Given these numbers, will California be able to meet the deadlines for compliance in its new state plan?

## Department of Education

### ISSUE 3: Federal Title II Funding for State Activities -- 6110-195-0890

**DESCRIPTION:** The Governor proposes to utilize **\$1.1 million** in federal Title II carryover funds for development of the statewide teacher data system -- CALTIDES -- in 2007-08. The Governor proposes to set-aside another **\$5.3 million** in Title II funds for CALTIDES development in 2008-09 and 2009-10. The Governor's April 1<sup>st</sup> Letter proposes **\$1.1 million** in ongoing Title II funds to backfill \$690,000 and 4.0 positions previously funded through federal Title V funding to assist LEAs with meeting the highly qualified teacher requirements for NCLB. The Department of Education proposes an additional **\$1.1 million** in Title II state activities funds for implementation of California's state plan for complying with the highly qualified teacher provisions of NCLB.

**BACKGROUND:** Federal Title II funds are provided to states to support the preparation, training, and recruitment of highly qualified teachers and principals. The funding and its requirements were part of the No Child Left Behind Act law of 2001. Federal law requires that states distribute 95 percent of these funds to local school districts who can use the funds for purposes related to the goals of the funding. The federal government also requires that states spend a certain minimum percentage of their funds on state-level activities designed to provide technical assistance to school districts and allows states to spend a certain percentage on grant administrative activities.

**Governor's January 10 Budget Proposal:** The Governor proposes to continue \$1.6 million in federal Title II funding for state-level activities for the Principal Training program and \$4.4 million for the Subject Matter Projects -- a teacher preparation program administered by the University of California.

The Governor's budget also proposes **\$1.1 million** in one-time federal Title II funds to continue development of the California Longitudinal Teacher Integrated Data Education System (CALTIDES) in 2007-08. Of this total, the Governor provides **\$894,000** for 1.0 limited-term analyst position, contracts for project management, project oversight, and other expenses to the Department of Education and **\$248,000** for 2.5 positions and other expenses to the Commission on Teacher Credentialing for development of CALTIDES.

The Governor proposes to set-aside another **\$5.3 million** in Title II carryover funds for CALTIDES development beyond the budget year.

**Governor's Proposal to Set-Aside Carryover Funds for CALTIDES.** According to CDE, there is approximately **\$5.3 million** in federal Title II carryover funds available for expenditure in 2007-08. The Governor does not propose to appropriate these one-time carryover funds and instead proposes to set them aside to offset an estimated **\$10.0 million** in one-time costs for CALTIDES development in 2008-09 and 2009-10. CALTIDES development is projected to be completed in 2009-10.

<b>CALTIDES Expenditures</b>	<b>2006-07 (Budgeted)</b>	<b>2007-08 (Proposed)</b>	<b>2008-09 (Estimated)</b>	<b>2009-10 (Estimated)</b>
	\$ .938 million	\$1.1 million	\$7.0 million	\$3.0 million

The 2006-07 budget provided a total of \$938,000 in one-time federal Title II funds for CALTIDES development which included \$686,000 for CDE to support project management, Request for Proposal (RFP), and project oversight contracts and \$252,000 for CTC to support 2.5 positions.

**Implementation Status:** The Feasibility Study Report (FSR) for CALTIDES was approved by the Department of Finance in March 2006. The RFP is under development and will be completed in late summer 2007. The vendor will be selected in summer 2008. Development of the CALTIDES system will be completed in 2009 and system implementation will commence in 2010.

**Risk of Excess Carryover Funds.** The U.S. Department of Education (USDE) gives states 27 months to expend (encumber) federal funds. If federal funds are not expended within this timeframe, they must be returned to the USDE. In 2005-06, there was a federal finding that California was not spending enough for Title II state-level activities. Due to an accumulation of Title II carryover funds, the state was at risk for reverting some federal funds back to USDE. The 2006-07 budget contained several one-time proposals to spend these funds quickly and minimize losses of federal funds. In the end, the state was unable to expend approximately \$300,000 in Title II funds by September 30, 2006, and these funds were reverted to USDE.

**Governor's April Letter Request:** The Governor's requests that **\$690,000 and 4.0 positions** of federal Title V funds be shifted and funded with federal Title II funds. This fund shift would support continued efforts to provide professional development activities for administrators, principals, and teachers with a focus on efforts to assist LEAs with meeting the highly qualified teachers requirements of NCLB. The Department of Education requested this shift due to loss of federal Title V funds available for state level activities.

**CDE Proposal for Title II Carryover Funds:** The Department of Education proposes to expend **\$1.1 million** of the \$5.3 million in unappropriated Title II carryover funds proposed by the Governor in 2007-08 to begin a new monitoring and technical assistance program to help school districts comply with the highly qualified teacher requirements of NCLB. The Department of Education requests **\$1.1 million and 8.0 positions** to establish a **Compliance, Monitoring, Interventions and Sanctions (CMIS) program** to ensure that NCLB's highly qualified teacher provisions are met in California. According to the Department of Education, this new program is necessary to meet the assurances the department made to the federal government as a part the state's newly revised highly qualified teacher plan. The department proposes CMIS as a continuing program through 2012 that would utilize annual Title II carryover funds for support of the program.

**COMMENTS:** *Staff supports* the Governor's general intent to set-aside **\$5.3 million** in Title II carryover funds in 2007-08 to offset an estimated **\$10.0 million** in CALTIDES expenditures predicted in 2008-09 and 2009-12. Title II funds are an excellent source of funding for the state's new teacher data system, especially since the project will provide necessary data for complying with the highly qualified teacher provisions of NCLB, as reflected in the state's revised plan.

At the same time, *staff notes* that the Department of Education has made substantial assurances to the federal government for monitoring, assisting, and enforcing the highly qualified teacher provisions of NCLB as a part of the revised plan. According to the Department, these assurances require the development of new processes and resources. The Department of Education is requesting **\$1.1 million**

**and 8.0 positions** to establish a Compliance, Monitoring, Interventions and Sanctions (CMIS) program to meet these assurances. In considering this proposal, it will be important for the Subcommittee to understand whether the Department of Education can meet its federal obligations without these additional resources.

*Staff recommends* that the LAO work with the Department of Education on an expenditure plan for utilizing Title II carryover funds to meet the state's data, monitoring, assistance, and enforcement obligations for complying with the highly qualified teacher provisions of NCLB.

## Department of Education

### ISSUE 4: Teacher Retention and Recruitment: School Enrichment Block Grants

**DESCRIPTION:** The Governor proposes to continue one-time funding of **\$50 million** for School Enrichment Block Grants to support the recruitment and retention of teachers and principals in schools in the lowest three deciles of the 2005 base Academic Performance Index (API).

#### BACKGROUND:

**2005-06 Budget:** Chapter 491, Statutes of 2005 (SB 65/Budget Committee) provided up to \$49.5 million in one-time funds from the Proposition 98 Reversion Account, as a part of final 2005-06 budget agreement between the Legislature and the Administration. Of this amount, \$3 million was allocated to a county office of education to contract with an outside entity to recruit highly qualified teachers to schools in deciles 1-3 of the API.

**2006-07 Budget:** The 2006-07 budget included \$50 million for School Enrichment Block Grants to school districts and charter schools in order to support the recruitment and retention of teachers and principals in schools in the lowest three deciles of the Academic Performance Index (API). The Governor originally proposed \$100 million in 2006-07 to expand and permanently continue these block grants.

**Governor's Budget Proposal for 2007-08:** The Governor proposes to continue funding of \$50 million for the School Enrichment Block Grants to school districts and charter schools in the lowest three deciles of the 2005 API in 2007-08. The Governor would continue the 2006-07 funding rate of \$50 per pupil with minimum school site grants of \$5,000. This translates to between **\$26,750 and \$47,400** per school type.

Type of School	Amount Per School (\$50/student)
Elementary School (Average: 535 Students)	\$26,750
Middle School (Average: 871 Students)	\$43,550
High School (Average: 948 Students)	\$47,400

School Enrichment Block Grants can be expended for the general purposes of improving the school environment and culture, and as is the case in 2006-07, may include:

- Assuring a safe and clean environment;
- Forgiving student loans for teachers and administrators;
- Recruitment and retention activities, including differential compensation for highly qualified teachers and highly skilled principals;
- Payment of signing bonuses to teachers and principals;
- Recognition pay to teachers and principals;
- Housing and relocation assistance to teachers and principals;
- Recruitment and retention training for human resources professionals; and
- Professional development and leadership training for teachers and principals.

**LAO Recommendation:** Last year, the LAO recommended rejecting all of the Governor's new program proposals, including this proposal, because they: (1) do not address the state's structural budget imbalance and serious fiscal pressures facing school districts, such as retiree health costs and declining enrollment; (2) take a step backwards for categorical reform; (3) have basic policy flaws; and (4) contain virtually no planning, reporting, evaluation, or accountability components.

## **Comments:**

- **One-Time Funding:** The Governor is proposing a third year of one-time funding for this program in 2007-08. While the Governor uses one-time funds for this program, the program appears to be ongoing for schools in the lowest three deciles, as determined by the 2005 base API.
- **Program Overlap:** Based upon current year estimates, schools will receive approximately \$24.00 per student from School Enrichment Block Grants in 2007-08 per the Governor's proposal. Beginning in 2007-08, the new Quality Education Improvement Act (QEIA) will provide \$2.8 billion over seven years to approximately 600 schools in decile 1 and 2 of the API statewide. Participating QEIA schools will receive \$500 per student annually for their grade K-3 students; \$900 per student for their grade 4-8 students; and \$1,000 per student for their grade 9-12 students. In addition, the High Priority Schools program will provide another \$400 per student to a new cohort of decile 1 and 2 schools over the next few years.
- **Alternative Schools Excluded.** This program, and several other programs that target funds to schools in the lowest deciles of the API, exclude alternative schools. Most of the state's 1,000 alternative schools participate in the state's Alternative Schools Accountability Model (ASAM) and therefore do not have a valid API for purposes of being eligible for this or any other program that uses API for determining eligibility. Most all of these alternatives schools are low-performing and serve students with significant educational needs.



## 6360 Commission on Teacher Credentialing

### ISSUE 5: Commission on Teacher Credentialing – Budget Overview and Governor’s Budget Proposals

**DESCRIPTION:** The Governor’s January budget for the Commission on Teacher Credentialing (CTC) estimates healthy fund balances for the two major special funds that support the CTC – the Test Development and Administration Account and the Teacher Credentials Fund in 2007-08. The Governor proposes several budget year adjustments to support ongoing credential workload efficiencies, credentialing and accreditation reforms; administration of teacher assessments; and development of a statewide teacher data system. The Governor also proposes to create a new teacher recruitment and preparation program known as EnCorps.

CTC will provide an update on special fund balances; credential workload and staffing; and accreditation, as well as an update the members on the various credential reforms in process as a result of the passage of Chapter 517 (SB 1209/Scott).

**BACKGROUND:** The Commission on Teacher Credentialing (CTC) is responsible for the following:

- Issuing credentials, permits, certificates, and waivers to qualified applicants;
- Enforcing standards of practice and conduct for license applicants and holders;
- Developing standards and procedures for the preparation and licensure of school teachers and school service providers;
- Evaluating and approving teacher and school service provider preparation programs; and
- Developing and administering competency exams and performance assessments.

The CTC currently receives approximately 250,000 applications annually for approximately 200 different types of credentials, emergency permits, and credential waivers.

<b>Summary of Expenditures</b>					
(dollars in thousands)				\$	%
	2005-06	2006-07	2007-08	Change	Change
General Fund	\$2,700	\$0	\$0	--	--
General Fund, Proposition 98	24,988	49,881	39,881	-\$10,000	-20.0
Teacher Credentials Fund	11,442	15,369	14,601	-768	-5.0
Test Development & Adm. Account	2,814	4,792	4,188	-604	-12.6
Reimbursements	76	1,027	248	-779	-75.9
Total	\$42,020	\$71,069	\$58,918	-\$12,151	-17.1

**Governor's Budget:** The Governor's Budget proposes **\$58.9 million** for the CTC's budget in 2007-08, a decrease of **\$12.2 million** from the 2006-07 budget. Most of this decrease is associated with the Governor's proposal to add \$10 million in one-time General Funds (Proposition 98) for a new teacher recruitment program – EnCorps – in 2006-07. Funding for the EnCorps program would be available on a one-time basis beginning in 2007-08. However, because funds are appropriated from 2006-07 Proposition 98 savings, expenditures for this new, limited-term program are budgeted in 2006-07 and appear as a funding loss in 2007-08.

In addition, the budget proposes a net reduction of \$1.4 million in expenditures from the two special funds that support the CTC's state operations -- the Teacher Credentials Fund and the Test Development and Administration Account. The majority of this reduction reflects a \$1.5 million decrease in pro-rata charges assessed to the CTC and a \$100,000 increase for other baseline budget adjustments. In total, the Governor's Budget proposes to expend \$18.8 million from CTC's two special funds in 2007-08.

The Governor's budget provides \$39.9 million from the General Fund (Proposition 98) to support three local assistance education programs administered by the CTC – the Alternative Certification Program, Paraprofessional Teacher Training Program, and Teacher Misassignment Monitoring Program. This amount continues the \$6.8 million increase provided in the 2006-07 budget to improve and expand intern grants to school districts and county offices of education, pursuant to Chapter 517, Statutes of 2006 (SB 1209/Scott).

The 2005-06 budget provided a \$2.7 million General Fund (Non-Proposition 98) appropriation to address a shortfall in special funds to support the CTC's state operations budget. These funds were provided on a one-time basis. Healthy fund balances were restored in 2006-07 and expenditures from the Teacher Credentials Fund and the Test Development and Administration Account were increased by \$2.7 million to offset the elimination of one-time General Funds.

**Summary of Credential Workload and Staffing Changes:** For the development of the 2006-07 budget the Legislature and the Administration provided resources to address the credentialing workload. In May 2006 the workload hit an all time high of 80,000 pending paper applications. The Governor's budget summary indicates that during 2006-07 the credentialing backlog has been reduced from 77,000 to 44,000, and reduced the average processing time below the regulatory time limit of 75 days for both credential renewals and university recommended credentials for new teachers. According to CTC, the credentialing workload has been further reduced to 25,000 for pending paper applications. This reflects a reduction of approximately 32 percent in pending workload.

The CTC has made great strides to utilize technology to improve processing times and include the following activities:

- As of January 1, 2007, credential renewals must be processed on-line and will be processed within 10 working days.
- As of February 2007, the Institutions of Higher Education process all recommendations on-line and the process is fully automated.
- In addition, the CTC is working with school districts and county offices of education to automate the 30-day substitutes, which make up approximately 22 percent of the CTC workload annually.

**Healthy Fund Balances Estimated.** The Governor's budget projects positive, healthy fund balances for CTC's two special funds in 2007-08. The budget estimates that the fund balance for the Teacher Credentials Fund will total nearly \$5 million in 2007-08, assuming seven percent growth from 2006-07. The CTC will continue to monitor the estimates and will update the projections as necessary. The budget also estimates that the fund balance for the Test Development and Administration Account will total \$3 million in 2007-08.

**Status of Credential and Exam Fees:**

- The Teacher Credentials Fund is generated by fees for issuance of new and renewed credentials and other documents. The credential fee is \$55, which is set in the annual budget, although other statute authorizes a credential fee of up to \$75. The credential fees have been adjusted over the last several years based on credential volume and resources in the fund. As of February 2007, the Commission is projecting a 7 percent growth in 2006-07 and a conservative zero percent growth in 2007-08. Based on the most current fund condition statements this leaves a healthy reserve in the fund in the event of minor changes. There are a couple of factors that have lead to the current status of the funds, including:
  - In 2005-06 there was a one-time General Fund transfer of \$2,155,000 to the fund as a result of the projected fund balance.
  - In 2005-06, given the uncertainty of the department, several expenditures were suspended.
  - Revenues in 2006-07 have increased as a result of the statewide efforts to recruit individuals into the teaching profession.
  - In 2007-08, the Administration changed the methodology for capturing the costs associated with pro-rata and as a result reduced the expenditure authority by \$695,000.
- The Test Development Administration Account is generated by various fees for exams administered by the CTC such as the California Basic Educational Skills Test (CBEST), California Subject Examination for Teachers (CSET), and the Reading Instruction Competence Assessment (RICA). The Commission has adjusted the exam fees as necessary to ensure the Commission's costs were supported. In February 2007, per Education Code section 44235.1, the Commission took action to reduce exam fees to candidates as a result of the award of a new contract for 2007-08. In the previous contracts there were costs associated with the development and administration for each examination. Under the new contract, for administration only of the CBEST, RICA and CSET, the Commission was able to ensure current expenses were supported as well as realize a savings for the teacher candidates. As a result, the RICA written exam was reduced by \$10.00, RICA video \$102.00, and CSET by \$12.00. There are a couple of factors that have lead to the current status of the funds, including:
  - In 2005-06 there was a one-time General Fund transfer of \$545,000 to the fund as a result of the projected fund balance.
  - In 2005-06, given the uncertainty of the department, several expenditures were suspended.
  - In 2007-08, the Administration changed the methodology for capturing the costs associated with pro-rata and as a result reduced the expenditure authority by \$832,000.

- In addition, the projected revenues for 2007-08 have increased as a result of the most recent contract award associated with the administration only of the CBEST, RICA, and CSET.

## **Budget Year Adjustments:**

**Reduction in Pro-Rata Charges to CTC.** The Governor's Budget reflects changes in CTC's portion of the state administration, General Fund recovery adjustment, known as state agency pro-rata charges. This change, which is being applied to agencies statewide, reduces expenses for CTC by **\$1.5 million** in 2007-08.

## **Governor's 2007-08 Budget Proposals:**

**ISSUE 1. Continue Efforts/Progress in Reducing Credential Processing Time.** The Governor proposes to continue position authority provided in the 2006-07 budget to reduce credential processing time and backlogs. Specifically, the 2006-07 budget converted four high level positions in the Professional Services Division into seven technical positions in the Certification, Assignment and Waivers Division for this purpose. The Governor proposes to continue this authority for one additional year – until June 30, 2008. The Governor notes that while “significant” progress has been made in 2006-07, it is “critical” that efforts continue until the backlog is eliminated and processing time is below the 75-day standard.<sup>1</sup>

The Governor also proposes to continue language requiring the CTC to submit quarterly reports to the Legislature, Legislative Analyst's Office, Office of the Secretary of Education, and Department of Finance on the status of the credentialing backlog. These reports include information on the size of the current backlog as well as updated estimates as to when the backlog will be fully eliminated.

**COMMENTS:** The CTC has made substantial progress in reducing its backlog of credential applications and remains committed to further reduction and elimination of this backlog in 2007-08. This effort will require continued staffing in 2007-08, as proposed by the Governor.

**ISSUE 2. New Teacher Recruitment and Preparation Program.** The Governor proposes to provide **\$10 million** in one-time Proposition 98 funds to create the EnCorps Teacher program in 2007-08. This program is intended to add 2,000 experienced retirees to the teaching corps, particularly retirees with subject matter knowledge in several shortage fields -- math, science, and career-technical education. The program is proposed as a public-private partnership between local education agencies and private business and industry. Once recruited by the EnCorps program, retirees would be prepared for teaching through CTC's Intern Program, which provides internship grants to Institutions of Higher Education, school districts, and county offices of education. It is unclear how business and industry would participate in EnCorps. According to the Administration, there is some potential for business and industry to continue the salaries of EnCorps participants during their internship. Funding for this program would be available for a two-year period commencing in 2007-08.

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<sup>1</sup> The Governor's Budget summary indicates that during 2006-07 the “credentialing backlog” has been reduced from 77,000 to 44,000 applications and reduced average processing time below the regulatory time limit of 75 days for both credential renewals and university recommended credentials for new teachers. According to CTC, the credentialing backlog has been further reduced to 25,000 applications.

**COMMENTS:** The 2006-07 budget provides \$31.7 million in Proposition 98 funding to CTC for the Intern Program, which currently provides funding for approximately 8,000 interns annually. The Governor proposes to expand this program on a one-time basis to address particular teacher shortages in math, science, and career-technical education.

**ISSUE 3. Increased Support for CTC Credentialing Reforms.** The Governor's April 1<sup>st</sup> Letter proposes **\$113,000 and 1.0 limited-term position** to support review and revision of the Special Education Credential, the Reading and Language Arts Specialist Credential, the Reading Certificated and Designated Subjects Credential for Career and Vocational Education, and the revision of the standards related to intern and inductions programs.

The Governor is also proposing legislation – SB 52 (Scott) -- directing the CTC to streamline the credentialing process for career-technical education teachers. These efforts are intended to address 175 different credentials for career technical education teachers reflecting industries and trades in California. The Governor proposes that, by September 30, 2007, the CTC establish a more streamlined list of credentials utilizing the 15 industry sectors included in California's new curriculum standards for career-technical education.

**COMMENTS:** The 2006-07 budget act provided one-time federal funds to support the evaluation of the Special Education Credential and the revision of standards related to teacher intern and induction programs. The continued resources for these activities will support work toward the revision of special education standards and the revision of teacher intern and induction standards as identified in SB 1209.

**ISSUE 4. Increased Support for CTC Accreditation Reforms for Teacher Preparation Programs.** The Governor's April 1<sup>st</sup> Letter proposes **\$227,000 and 2.0 permanent positions** to support implementation of CTC's revised accreditation system for teacher preparation programs.

**COMMENTS:** Over the last two years, the CTC has been in the process of evaluating an outdated accreditation process for teacher preparation programs. The accreditation workgroup recommended to the Commission a model that was data driven and ensures accountability. This model was adopted by the Commission in September 2006. The CTC is currently working on the implementation plan to ensure the new model will be ready in 2007-08. Once implemented, the accreditation model will generate additional workload that is addressed by these positions.

**ISSUE 5. Continue Support for Teacher Data System Development.** The Governor's budget provides \$1.1 million in one-time federal Title II funds to continue development of the California Longitudinal Teacher Integrated Data Education System (CALTIDES) in 2007-08. Of this total, the Governor provides **\$248,000 for 2.5 limited-term positions and other expenses to CTC** and \$894,000 for one limited-term position and other expenses to the California Department of Education (CDE) for development of CALTIDES. The 2006-07 budget provided a total of \$938,000 in one-time federal Title II funds for this purpose -- \$252,000 for CTC and \$686,000 for CDE.

**COMMENTS:** Title II funds are appropriated in the CDE budget and appear as a reimbursement to the CTC budget.

**ISSUE 6. Continue Support for the Teacher Performance Assessment.** The Governor's Budget provides **\$237,000 for 2.0 positions** and other expenses to support development and implementation administration of the Teacher Performance Assessment pursuant to SB 1209.

**COMMENTS:** SB 1209 requires development and implementation of the Teacher Performance Assessment by July 1, 2008.

**CTC STAFF RECOMMENDATIONS:** When the Subcommittee takes action on the CTC budget, *staff recommends* the Subcommittee reject the Governor's proposal to use \$10 million in one-time Proposition 98 funds in for a new EnCorps program, given limited new Proposition 98 funds in 2007-08.

*Staff further recommends* that the Subcommittee approve all of the other Governor's proposals for CTC, including the two April Letter requests, when it takes action on the CTC budget.

## Commission on Teacher Credentialing

### **ISSUE 6. Supplemental Budget Report Language -- Legislative Working Group on Teacher Credential and Accreditation Reform**

**Description:** The LAO will provide an overview of the Report of the Legislative Working Group on Teacher Credential and Accreditation Reform (March 2007) as required by Supplemental Report Language of the 2006 Budget Act.

**Background:** The *Supplemental Report of the 2006 Budget Act* required the Assembly Education Committee and Senate Education Committee to convene a working group to undertake major teacher credential and accreditation reform.

The language required the reforms to include:

- (a) Significantly simplifying credential requirements, devolving credentialing responsibility to institutions of higher education and county offices of education, and eliminating any redundancies associated with credential reviews and fingerprinting;
- (b) Significantly simplifying the state's existing accreditation system by shifting from periodic, input-oriented reviews to annual reviews of measurable performance outcomes; and
- (c) Considering various governance options for administering the teacher credentialing process.

Pursuant to the Supplemental Report Language, the working group included staff representatives from the Senate Education Committee, Assembly Education Committee, Senate Budget Committee, Assembly Budget Committee, the Legislative Analyst's Office, the Office of the Secretary for Education, the Department of Finance, the Commission on Teacher Credentialing, and the Department of Education. The working group met on January 4, 2007, to discuss the issues outlined above.

**ISSUES & RECOMMENDATIONS:** The following is a summary of each of the issues addressed by the working group and resulting recommendations:

**Issue 1: Significantly simplifying credential requirements, devolving credentialing responsibility to institutions of higher education and county offices of education, and eliminating any redundancies associated with credential reviews and fingerprinting.**

- *Significantly simplifying credential requirements.*

**Recommendation:** The Legislature should ask the CTC to conduct a survey of districts regarding the use of supplemental authorizations. The survey should ask whether or not there is a desire among districts for these authorizations and should include questions about the purpose of the authorizations, how districts use them, and whether districts find the authorizations helpful or constraining. The survey should also seek advice on the feasibility of consolidating the 63 supplemental authorizations into broader categories.

The Legislature should also ask the CTC to look into the feasibility of limiting supplemental authorizations to the 13 single subject credential authorizations listed in Education Code 44257 and limiting subject matter authorizations to the 10 core subjects listed in Section 9101 of Title IX of ESEA (English, reading/language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, and geography).

The Legislature should require the CTC to report to the Legislature by April 1, 2008 on the results of the survey and on recommended changes to: 1) supplementary/subject matter authorizations; 2) career technical education credentials; 3) adult education credentials; and 4) special education credentials.

The Legislature should also continue to monitor recently enacted legislation, specifically SB 1209 and SB 2042 to see if the legislation has been implemented as intended.

- ***Devolving credentialing responsibility to institutions of higher education (IHE) and county offices of education.***

**Recommendation:** Although the Commission has made progress in reducing credential processing times, the Legislature may want to consider making changes to statute that would ensure credential processing is timely and efficient. The Legislature should, in consultation with the CTC, IHEs and school districts, determine a reasonable timeline for credential processing and establish that timeline in statute. This timeline should also include a deadline for IHEs to submit credential information to CTC. Once this timeline is in statute, the Legislature could amend statute to shorten the term of the Temporary County Certificate to six months or less.

If instead, the Legislature wishes to devolve credentialing responsibilities to IHEs or COEs, the Legislature should first consult with both groups, school districts and other interested stakeholders on the feasibility of this option.

- ***Eliminating any redundancies associated with credential reviews and fingerprinting.***

**Recommendation:** The criminal background review of the credential application process does include redundancies that result in additional costs. However, it appears that these redundancies provide certain protections to both pupils and credential candidates that may be important to preserve. Should the Legislature seek to devolve credentialing and criminal background responsibilities to counties, it may require changes to various sections of the education and penal codes to ensure adequate protection of school children and due process for candidates and teachers who apply for credentials.

**Issue 2: Significantly simplifying the state's existing accreditation system by shifting from periodic, input-oriented reviews to annual reviews of measurable performance outcomes.**

**Recommendation:** The Commission's actions appear to be in line with the recommendations of the LAO. Staff recommends that the Legislature monitor the Commission's implementation of the new system and ask the Commission to report on the implementation and accreditation activities prior to the 2009-10 fiscal year.



The Legislature may wish to consider amending existing statute to require that accreditation of educator preparation programs be based, in part, on program and candidate data collected by programs and reported to the Commission.

**Issue 3: Considering various governance options for administering the teacher credentialing process. *Should educator licensing be a function of the State Board of Education?***

**Recommendation:** The working group did not have a final recommendation with regard to shifting responsibilities from an independent and autonomous board to a subcommittee of the State Board of Education or any other governance models. While shifting some of the Commission's workload to the State Board of Education could potentially lead to better coordination between K-12 policy and educator preparation, it could also dilute focus on educator-specific issues due to the competing demands of the State Board's portfolio.

Given the complexity of a shift in the governance structure, the Legislature should continue to monitor the progress of the Commission as it addresses some of the operational concerns previously mentioned in this report. Should financial, processing, or other problems persist, the Legislature can revisit the governance issue in 2007-08.

**Comments:** Copies of the full working group report are available on the Assembly Education website.